H. MATTERS NOT CONSIDERED BY COMMITTEES OF COUNCIL

1. Tabling of the Annual Budget for 2020/21 MTREF

Executive Mayor PS Mabilo 22 June 2020

Purpose

The purpose of this item is to submit the Annual Budget of the Sol Plaatje Local Municipality for the financial year 2020/21 and indicative allocations for the two projected outer years 2021/22 and 2022/23, including policies and tariffs for approval by Council.

For noting / for decision by

The following options exist in terms of noting / for decision by:

- Council

The item/report has NOT been considered by a portfolio committee.
This item is for recommendation by the Executive Mayor to Council.

Background

In terms of the Section 24 (2) of Municipal Finance Management Act (MFMA) a Council of a Municipality must approve an annual budget before the start of the financial year. Section 24 (1) further requires that the Mayor must approve the annual budget at least 30 days before the start of the financial year. It is in compliance with Section 24 of the MFMA that an annual budget is being tabled before this Council today.

Whereas the MFMA Section 17, prescribes the format in which the municipal budget must be presented, National Treasury had published Schedule A tables for the capturing and presentation of the budget which covers a 7 year period, whereby the first three years are the actual outcomes of the previous years audited, the current year budget, and year to date actuals as well as the next three (3) years.

In terms of the Municipal Budget Reporting Regulations as per Government Gazette 32141 (hereinafter referred to as the MBRR), the table of contents of the annual budget is prescribed, and as such, the format complies as prescribed in the regulations.

The MBRR Sections 15 and 18 prescribes the manner in which the tabled budget must be publicised, whilst the MFMA Section 23 makes reference to consultation processes on tabled budgets. Due to COVID 19, normal public consultation processes could not take place as per MFMA Section 23. We followed the COVID 19 Regulations and the Draft Budget 2020/2021 has been published on Sol Plaatje's website to be viewed by the public and the relevant officials presented the Draft Budget 2020/2021 via radio station. Various informed meetings were held with Councillors. Comments have been received from the public via email. Public inputs received supported the budget, the policies, and the proposed tariff increases.

National Treasury also, through the budget benchmark exercise which is the process of reviewing the tabled budgets, analysed the assumptions and the detailed budget and compared the budget with other secondary cities, reported that in their draft report, National Treasury concluded that the municipality's tabled budget is:

- Credible, relevant and funded, which are the critical criteria in which the budget was assessed.

The MBRR further suggests that the budget must be tabled together with the reviewed budget related policies, the proposed tariffs, the service delivery and budget implementation plan as well as the Annual IDP Review. All these documents are part of the draft and annual budget documentation as presented in the annexures.
It is against this background that the Annual Budget for the 2020/21 MTREF is submitted for approval.

Annexures
Budget Part 1 and 2
Budget Annexures
Section 1: Budget Schedules and supporting tables
Section 2: Tariffs
Section 3: History of Tariffs
Section 4: IDP Overview
Section 5: Service Delivery and Budget Implementation Plan
Section 6: Budget Policies – as per March budget book
Section 7: By-Laws – as per March budget book
Section 8: MFMA Circulars– as per March budget book
National Treasury Budget Benchmark engagement letter

ANNEXURE
SEPARATE BOOK
(Soft copy to be e-mailed) + 1 - 4

Motivation

The MFMA places an obligation on Council to ensure that the budget is approved within the legislated timeframes. Non-compliance with the MFMA Section 24 will result in the application of the MFMA Section 26 – Consequences of failure to approve budget before start of the budget year.

The budget has been presented to Council and was discussed and debated in detail. Public consultation processes via radio station as well as the National Treasury's Budget Benchmark are an indication that the budget has been well thought through, and is totally linked to the priorities of the municipality as per the IDP of the municipality.

Personnel Implications

Personnel implications shall be in accordance with the tabled budget, the current organisational structure as well as the implementation strategy as will be agreed upon with the Municipal Manager, and within the budget constraints.

Financial Implications

There are no financial implications other than as per the tabled budget. The tariff increases and impact of policy reviews are anticipated as a result of adopting this budget.

Legal Authority and Implications

MFMA Section 16 and 24
Municipal Budget and Reporting Regulations
MFMA Circulars

The Annual Budget was discussed with the Executive Mayor, the IDP, Budget and Performance Committee (extended), the Municipal Manager, the Chief Financial Officer Executive Directors, as well as the discussions of the Budget Steering Committee Meetings. The budget was also assessed by National Treasury through the budget benchmark exercise, a report of which is attached.

Consultation
Executive Mayor – PS Mabilo
Acting Municipal Manager – B Dhluwayo
Acting Chief Financial Officer – Z Cader

Contact Person
Z. Cader
Acting Chief Financial Officer
Contact number: 053-8306502

The Annual Budget will be tabled by the Executive Mayor, PS Mabilo.

RECOMMENDATION:

1. That Council **approves** the Annual Budget for the 2020/21 MTREF as presented in terms of the following annexures highlighted herein.

2. That in terms of section 16 of the Municipal Finance Management Act, 56 of 2003, Council **approves** the Annual Budget of the municipality for the financial year 2020/21; and indicative allocations for the two projected outer years 2021/22 and 2022/23, and the multi-year single year capital appropriations as set out in the Annual Budget in the following tables:

    2.1 Budgeted financial performance by revenue source and expenditure by type as presented in Table A1 – Summary and Table A4 - Detailed
    2.2 Budgeted Financial Performance (revenue and expenditure by Standard classification) Annexure/Section 1 – Table A2;
    2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Annexure/Section 1 - Table A3;
    2.4 Multi-year and single year capital appropriations by municipal vote and Standard classification and associated funding by source. Annexure/Section 1 - Table A5.

3. That Council **approves** the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the following tables:
    - 3.1 Budgeted Financial Position: Annexure/Section 1 – Table A6;
    - 3.2 Budgeted Cash Flow: Annexure/Section 1 – Table A7;
    - 3.3 Cash backed reserves and accumulated surplus reconciliation: Annexure/Section 1 – Table A8;
    - 3.4 Asset Management: Annexure/Section 1 – Table A9; and
    - 3.5 Basic service delivery measurement: Annexure/Section 1 –Table A10.

4. That Council **approves** the Budget Supporting tables as presented in Section 1 of the book from table SA1 to Table SA38.

5. That in terms of sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste removal services, sanitation services, property rates and all other tariffs as set out in Annexure 2, are **approved** by Council.

6. That Council **approves** the final Service Delivery and Budget Implementation Plan for 2020/21 as per Annexure/Section 5 of the Annual Budget

7. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including proposed amendments as set out in the Budget Annexure/Section 6 as per the tabled Budget Statement of March 2020 are **approved** for the budget year 2020/21, the effective date of these policies is 1 July 2020, and may be amended during the year.

8. That the Basic Services Indigent Packages as set out in Annexure/Section 1 and the Executive summary, is **approved**.

9. That Council takes notes that compliance with m-SCOA regulations is effective from 1 July 2017. Currently version 6.3 was adopted and is fully operational and that as m-SCOA version 6.4 has been adopted and will be fully operational from 1 July 2020.

10. That due to mSCOA Reporting requirements, the schedules may change from what is presented here, with the total revenue and expenditure remaining the same, that Council gives the Municipal Manager and the CFO permission to effect, all necessary corrections as a result of reporting requirements.

11. That Council approves the Final IDP Review – 2019/20 (Planning 2020/21) as per Section 5 of the budget document.

C129/06/20 RESOLVED

1 – 11 As recommended.